



July 16, 2019

Item No. 1

**RECOMMENDATION FOR AUTHORIZATION TO 1) EXTEND THE BMO HARRIS BANK N.A. LINE OF CREDIT FACILITY (2016-CHA-112) FOR AN ADDITIONAL PERIOD NOT TO EXCEED 60 MONTHS, 2) AMEND THE FACILITY TO AN AGGREGATE AMOUNT OF \$25 MILLION 3) APPROVE THE USE OF THE FACILITY TO INVEST AN AMOUNT NOT TO EXCEED \$5.25 MILLION IN A JOINT VENTURE PARTNERSHIP RELATED TO THE FOR SALE TOWNHOME COMPONENT OF THE PARKSIDE 4 PHASE 2 DEVELOPMENT (2018-CHA-89) AND 4) EXECUTE ALL NECESSARY DOCUMENTS TO IMPLEMENT THE FOREGOING**

Presenter: Michael J. Gurgone, Chief Investment Officer

**Recommendation**

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to 1) approve the extension of the term of the BMO Harris Bank line of credit to a new 60-month term, 2) amend the amount of the facility to \$25 million, 3) approve the use of the facility to invest an amount not to exceed \$5.25 million in a joint venture partnership with CIBC Bank USA related to the for sale townhome component of the Parkside 4 Phase 2 development and 4) to execute all necessary documents to implement the foregoing. The current facility has a termination date of March 13, 2020 and a not to exceed aggregate limit of \$50 million. The funds borrowed under the BMO Harris bank line of credit can be used to support the CHA Unit Acquisition Program, to enable the CHA to participate in non-residential related community development initiatives and to provide loans which support residential and community development activities. All transactions and related financing terms along with specific collateral identified in connection with the use of the credit facility shall be subject to CHA Board of Commissioners approval. To the extent applicable, in addition to CHA Board of Commissioners approval, HUD approval will be obtained prior to pledging collateral sourced with Federal cash or securities.

The requested action complies in all material respects with all applicable federal, state and local laws, and Chicago Housing Authority board policies. Staff have completed all necessary due diligence to support the submission of this initiative.

**Funding-Non-Federal**

**SOURCE:**

BMO Harris Bank NA Line of Credit Facility  
Rate -Not to exceed Prime Rate -1.5%  
Term of Borrowing – Not to exceed 42 months  
NTE \$5,250,000

**USE:**

Investment Principal \$4,500,000  
Interest Reserve \$ 750,000  
TOTAL NTE \$5,250,000

**Background**

BMO Harris Bank N.A. (“BMO Harris Bank” or the “Bank”) is the CHA’s primary cash management bank and has consistently provided best practice service delivery in a full range of banking products and services. The CHA’s plan for neighborhood creation and community development can be greatly enhanced by exercising appropriate financing options available and offered through BMO Harris Bank. Under Resolution No. 2013-CHA-91, passed October 15, 2013, CHA Board authorization was granted allowing CHA to obtain a \$20 Million secured revolving line of credit from the Bank. Subsequently, under Resolution No. 2014-CHA-87, passed August 19, 2014, CHA Board authorization was again sought and granted to expand the secured revolving loan facility option to include borrowing under an unsecured basis and to broaden the use of such facility to be used for other non-residential community development initiatives. Further, under Resolution No. 2016-CHA -112, passed October 18, 2016, CHA board authorized an increase in the amount of the credit facility from \$20 Million to \$50 Million and to broaden the use of the facility to include providing loans to support residential and community development activities and/or have other community benefit for CHA.

Under this Board action, CHA is seeking authorization to extend the term of the facility for an additional 60 months, to decrease the amount from \$50 million to \$25 million and to authorize the investment of an amount not to exceed \$5.25 million in a joint venture partnership with CIBC Bank USA related to the acquisition, construction and sales of 56 for sale townhomes as part of the mixed-income redevelopment of Cabrini-Green also known as Parkside 4 Phase 2. The for sale townhomes are part of a mixed income housing development that the CHA Board authorized on November 20, 2018, (2018-CHA-89) and represents the final phase of the Parkside of Old Town development. In addition to the for sale townhomes, 102 rental units will be developed in three buildings along with 32 residential rental townhomes, consisting of public housing converting to Section 8 Rental Assistance Demonstration (RAD) Project-Based voucher units, affordable and market rate units.

Respectfully Submitted:

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Michael J. Gurgone,  
Chief Investment Officer

**RESOLUTION NO. 2019-CHA-**

**WHEREAS,** the Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated July 16, 2019 entitled "RECOMMENDATION FOR AUTHORIZATION TO 1) EXTEND THE BMO HARRIS BANK N.A. LINE OF CREDIT FACILITY (2016-CHA-112) FOR AN ADDITIONAL PERIOD NOT TO EXCEED 60 MONTHS, 2) AMEND THE FACILITY TO AN AGGREGATE AMOUNT OF \$25 MILLION, 3) APPROVE THE USE OF THE FACILITY TO INVEST AN AMOUNT NOT TO EXCEED \$5.25 MILLION IN A JOINT VENTURE PARTNERSHIP WITH CIBC BANK USA RELATED TO THE FOR SALE TOWNHOME COMPONENT OF THE PARKSIDE 4 PHASE 2 DEVELOPMENT (2018-CHA-89) AND 4) EXECUTE ALL NECESSARY DOCUMENTS TO IMPLEMENT THE FOREGOING.

**THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY:**

**THAT,** the Board of Commissioners hereby 1) approves an extension of the BMO Harris Bank Line of Credit Facility for an additional 60 months, 2) amends the facility amount to an aggregate amount of \$25 million from \$50 million, 3) approves the use of the facility to invest an amount not to exceed \$5.25 million in a joint venture partnership with CIBC Bank USA related to the acquisition, construction and sales of 56 for sale townhomes as part of the Parkside 2 Phase 4 development and 4) approves the execution of all necessary documents to implement the foregoing.

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Eugene E. Jones, Jr.  
Chief Executive Officer  
Chicago Housing Authority